

1 PAUL J. PASCUZZI, State Bar No. 148810
JASON E. RIOS, State Bar No. 190086
2 THOMAS R. PHINNEY, State Bar No. 159435
FELDERSTEIN FITZGERALD
3 WILLOUGHBY PASCUZZI & RIOS LLP
500 Capitol Mall, Suite 2250
4 Sacramento, CA 95814
Telephone: (916) 329-7400
5 Facsimile: (916) 329-7435
ppascuzzi@ffwplaw.com
6 jrrios@ffwplaw.com
tphinney@ffwplaw.com

7 ORI KATZ, State Bar No. 209561
8 ALAN H. MARTIN, State Bar No. 132301
SHEPPARD, MULLIN,
9 RICHTER & HAMPTON LLP
Four Embarcadero Center, 17th Floor
10 San Francisco, CA 94111
Telephone: (415) 434-9100
11 Facsimile: (415) 434-3947
okatz@sheppardmullin.com
12 amartin@sheppardmullin.com

13 Proposed Attorneys for
The Roman Catholic Archbishop of San Francisco

14
15 UNITED STATES BANKRUPTCY COURT
16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

17 In re:
18 THE ROMAN CATHOLIC ARCHBISHOP
OF SAN FRANCISCO,
19
20 Debtor and
Debtor In Possession.

CASE NO. 23-30564

Chapter 11

**DECLARATION OF JOSEPH J.
PASSARELLO IN SUPPORT OF MOTION
OF DEBTOR FOR AUTHORITY TO
EMPLOY AS OF THE PETITION DATE
AND PROVIDE COMPENSATION TO
PROFESSIONALS USED IN THE
ORDINARY COURSE OF BUSINESS [11
U.S.C. §§ 105(a), 327, 328, and 330]**

Date: October 12, 2023
Time: 1:30 p.m.
Place: Via ZoomGov
25 Judge: Hon. Dennis Montali

26 I, Joseph J. Passarello, hereby declare under penalty of perjury as follows:

27 1. I am the Senior Financial Director and former Chief Financial Officer (“CFO”) of
28 The Roman Catholic Archbishop of San Francisco, the debtor and debtor in possession herein

1 (“RCASF” or the “Debtor”).¹ I have been the CFO of the RCASF since January 2014. Before that,
2 I have been the CFO for several other companies including Serena Software, Aptina Imaging, AMI
3 Semiconductor, and Therma-Wave, Inc. I have a Master of Business Administration from Santa
4 Clara University and a Bachelor of Science in Economics and Business Administration from St.
5 Mary’s College. In the course and scope of my duties as Senior Financial Director and while
6 serving as CFO, I am familiar with the record keeping practices and policies of the RCASF and
7 how it regularly maintains its business records. I make this declaration (“Declaration” in support
8 of the above-referenced Motion to establish certain procedures to retain and compensate the
9 professionals that the Debtor employs in the ordinary course of business (collectively, the
10 “Ordinary Course Professionals”). All terms not otherwise defined herein have the same meaning
11 as set forth in the Motion.

12 2. All facts set forth in this Declaration are based on my personal knowledge, upon
13 information supplied to me by people who report to me, upon information supplied to me by
14 RCASF’s professionals and consultants, upon my review of relevant documents, or upon my
15 opinion based on my experience and knowledge with respect to RCASF’s operations, financial
16 condition and related business issues. The documents submitted herewith, referenced herein or
17 otherwise relied upon by me for purposes of this Declaration are the business records of RCASF,
18 prepared and kept in ordinary and regularly conducted business activity of RCASF, and used by
19 me for those purposes. If I were called upon to testify, I could and would testify competently to
20 the facts set forth herein, and I am authorized to submit this Declaration on behalf of RCASF.

21 3. The Debtor seeks to employ as of the Petition Date Ordinary Course Professionals
22 to render professional services to the Debtor’s estate in the same manner and for the same or similar
23 purposes as such professionals were retained by the Debtor prior to the Petition Date. In the past,
24 Ordinary Course Professionals have provided the Debtor with specialized legal, accounting,
25 professional consulting and recruiting and other services relating to, among other things, pension

26 ¹ Effective September 8, 2023, in accordance with a long-planned retirement transition, my title
27 changed to Senior Financial Director. I am succeeded as Chief Financial Officer by Michael
28 Flanagan. My transition was planned in February 2023. In my new role, I will continue to be the
financial executive responsible for all issues pertaining to this chapter 11 matter through at least
January 19, 2024.

1 legal compliance, employment matters, accounting and auditing, investment advice, actuarial, and
2 plan administration, 403(b) plan consulting, immigration and canon law consulting that support the
3 Debtor's ordinary day to-day operations. The employment of Ordinary Course Professionals is
4 necessary to avoid disruption of the Debtor's operations during this Bankruptcy Case. An initial
5 list of Ordinary Course Professionals is submitted herewith as Exhibit 1 to the Proposed Order.

6 4. It is essential that the employment of Ordinary Course Professionals, who are
7 familiar with the Debtor's business, be continued to avoid disruption of the Debtor's operations
8 during this Bankruptcy Case. The requested authority for amounts to be paid without separate
9 application would be limited to \$15,000 per month and \$45,000 per quarter per professional, with
10 the exception of the Debtor's auditors and recruiters who are paid at certain milestones instead of
11 monthly and may be entitled to payments greater than \$15,000 as detailed in Exhibit 1 to the
12 Proposed Order attached to the Motion, including the remaining balance of an annual audit fee of
13 \$132,000 payable to BPM LLP. Rather than paying BPM monthly progress payments for its annual
14 auditing services, the Debtor has for many years negotiated a flat rate payment with BPM for its
15 annual audit. This year, the annual fee for BPM's audit of the RCASF is \$149,000, with a \$17,000
16 installment having been paid pre-petition. Based upon the Debtor's consideration of the market
17 rate for such services and the scope and complexity of the audit, I am satisfied that the annual audit
18 fee for BPM is at or below fair market value for their services. Similarly, the Debtor pays its
19 recruiting consultants in installments, rather than monthly fees as noted in the Exhibit 1.

20 5. It is anticipated based upon past experience that the monthly services for the
21 Ordinary Course Professionals will be under the limit, as further estimated on Exhibit 1, which
22 includes an estimate of the anticipated range of expenses.

23 6. None of the anticipated professional services are duplicative of services to be
24 provided by the bankruptcy professionals already employed by the debtor (Felderstein Fitzgerald
25 Willoughby Pascuzzi & Rios LLP, Sheppard, Mullin, Richter & Hampton LLP, Weinstein &
26 Numbers; Weintraub Tobin, and GlassRatner Advisory & Capital Group, LLC d/b/a B. Riley
27 Advisory Services).

28 ///

7. The Debtor relies on the Ordinary Course Professionals to support its business and everyday operations. As a result of their prepetition representations of the Debtor, the Ordinary Course Professionals have obtained significant knowledge of the day to day operations of the Debtor which would make them difficult and costly to replace. In light of the additional costs associated with the preparation of retention applications and fee applications for professionals that likely will receive relatively small fees as compared to professionals retained to assist the Debtor in prosecuting this Chapter 11 Case, I believe it would be impractical and economically inefficient for the Debtor to submit individual retention applications and fee applications.

8. The Debtor does not believe that any Ordinary Course Professionals hold unsecured claims against the Debtor for prepetition services rendered to the Debtor other than Beacon Pointe LLP which is owed approximately \$19,000 for pre-petition services, and to the extent they do, the Debtor does not believe that any of the Ordinary Course Professionals have an interest materially adverse to the Debtor, its creditors, or other parties in interest with respect to the matters on which they are to be employed.

I declare under penalty of perjury that the foregoing is true and correct. Executed on September 14, 2023 at San Francisco, California.

Joseph J. Passarello